

¹ For example, the Iowa Telecommunications Association (ITA) states that the Missoula Plan makes no reference to CEA carriers. Therefore, ITA states that it supports the proposition that this exclusion means that the CEA carriers are not affected by the Missoula Plan. Comments at 6.

I. INTRODUCTION

The CEA providers provide both regulated interstate and intrastate access services and non-access services to the rural communities that they serve. The CEA providers were created to bring the benefits of equal access to rural communities in a cost-effective manner. Without the CEA providers, equal access may otherwise have been greatly delayed or the communities less robustly served. By providing access to rural LECs, traffic aggregation and network functionality, the CEA networks created the efficiencies necessary for a thriving equal access environment in rural communities.

The efficiencies evident in the initial provision of CEA continue today through the provision of numerous advanced services to the rural communities of the three states served by the CEA providers. The CEA networks are state-of-the-art, bi-directional fiber rings. The redundancy in the rings creates the reliability necessary to meet today's advanced telecommunications needs. The CEA networks bring a multitude of advanced services to their states, which support economic development that helps to expand and sustain rural communities. To support rural areas, the CEA providers maintain statewide backbone networks that also support state, county and city government; public safety, state dispatch and 911; K-12 education; higher education; health care; secure data transfers for banks; agriculture; and business, including high technology companies.

The CEA providers recover all costs of their regulated access operations through interstate and intrastate access charges assessed to interexchange carriers (IXCs) using these services. The access charge regime has worked well to bring the benefits of equal access and other benefits to South Dakota, Iowa and Minnesota. The total amount of

traffic carried by the three CEA providers' networks is less than 1% of the total access minutes nationwide and only approximately 5% of the total access minutes of all rural LECs. Thus, while any decisions affecting the CEA providers will have a great impact on them and the local exchange carriers (LECs) that they serve, the nationwide impact will be minimal.

II. THE ACCESS CHARGE ASPECTS OF THE MISSOULA PLAN DO NOT APPLY TO THE CEA PROVIDERS

It appears that the Missoula Plan does not apply to the regulated interstate and intrastate access services provided by the CEA providers. The Missoula Plan does not specifically discuss the treatment of the CEA providers' access charges. In addition, the Missoula Plan's focus is on local service providers and the CEA providers are not local exchange carriers. Further, the Missoula Plan allows for the replacement of access charge reductions, in part, by increases in subscriber line charges (SLCs). The CEA providers, however, do not have local retail customers and, therefore, they cannot recover any reduction in access charges through SLCs.

Thus, the access charge aspects of the Missoula Plan do not apply to the CEA providers. Moreover, they should not be applied to the CEA providers. As indicated, the CEA networks are vital to bringing the benefits of equal access to subscribers in rural communities and the sole means of recovering the costs associated with the provision of regulated access services is access charges. A drastic reduction in CEA revenues, with no corresponding mechanism to allow for cost recovery, would be devastating to the CEA providers and jeopardize the progress made in bringing advanced telecommunications services to the rural areas. Accordingly, the current access charge

mechanism should be maintained at this time for CEA providers. Further, in light of the small percentage of access traffic carried by CEA providers, maintaining the current cost recovery mechanisms should not significantly impact any other carrier even if the Missoula Plan is adopted.

If, however, the FCC determines that the access charge provisions of the Missoula Plan or any other plan are to be applied to the CEA providers, then they should be treated as Track 3 carriers. Because CEA providers deliver traffic from IXC's to rural LECs, which requires transport over many miles of sparsely populated rural territory, they most closely resemble Track 3 rural LECs. In addition, the Restructure Mechanism should be available to CEA providers to offset any reductions in access.

III. THE MISSOULA PLAN PROVISIONS CONCERNING NON-ACCESS TRAFFIC

The Missoula Plan contains provisions concerning the interconnection framework for non-access traffic. Included in this framework are provisions concerning the establishment of Edges and tandem transit service. It is not clear how the Missoula Plan would apply to the CEA providers' non-access services.²

The Missoula Plan provides that a "carrier must permit other carriers to physically interconnect at its Edges" as defined in the Plan. The Missoula Plan states that an Edge "refers to the location on a carrier's network where it receives traffic for routing within its network and where it performs the termination function for traffic received from other carriers." Missoula Plan at 42, B.1. Further, the Missoula Plan specifies that a network

² For example, the Minnesota Independent Coalition states that further clarification is needed concerning the Edge as it applies to rural LECs and the CEA providers and the obligation of CEA tandems to accept non-toll traffic for routing to or from subtending Track 3 ILECs.

location must satisfy a number of requirements, including the requirement that the location “provides the termination function for all types of traffic (access and Non-Access Traffic) directed to subscribers served by the network location.” Missoula Plan at 43, B.1.c. CEA providers and their networks do not meet these requirements.

Accordingly, the CEA providers believe that the Missoula Plan provisions concerning the designation of the Edge should be clarified to make clear that they do not apply to them.

The Missoula Plan defines tandem transit service as “a switched transport service provided by a third-party carrier using its tandem switch to effectuate indirect interconnection between two carriers within a LATA (or in Alaska, within a local calling area).” The Plan states that ILECs and “Competitive Tandem Transit Providers” are covered by the rules. In addition to dictating the terms and conditions pursuant to which Tandem Transit Service must be provided, the Plan caps rates for tandem transit service; sets traffic volume limitations; sets rules for congestion and exhaust; and provides for the transition for access traffic for Track 1, 2 and 3 carriers.

It is not clear whether these provisions apply to the CEA providers’ non-access services. However, the proposed cap of \$0.0025 would not cover the CEA providers’ cost of providing switching and transport in light of the great distances over which the CEA providers transport traffic. Accordingly, if these provisions are to apply to the CEA providers, the proposed rate cap in the Missoula Plan must be revised.

IV. CONCLUSION

As demonstrated herein and in the CEA providers’ comments earlier in this docket, the CEA networks serve a valuable and unique function for rural Iowa,

Minnesota and South Dakota and the carriers that operate in these states. Moreover, the CEA providers are dependent on access charges for cost recovery. Accordingly, the CEA providers urge the Commission to continue to apply the current access charge rules to the CEA providers' access services.

With respect to non-access services, the CEA providers ask the Commission to clarify whether the Missoula Plan applies to their non-access services and, if it does, to revise the proposed rate cap in connection with the CEA providers' tandem transit services.

Respectfully submitted,

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